

# Meridian Share Offer Fact Sheet for New Zealand Retail Applicants

**Pay over two instalments. Get shareholder benefits in full.**

IMPLIED GROSS  
INSTALMENT YIELD OF

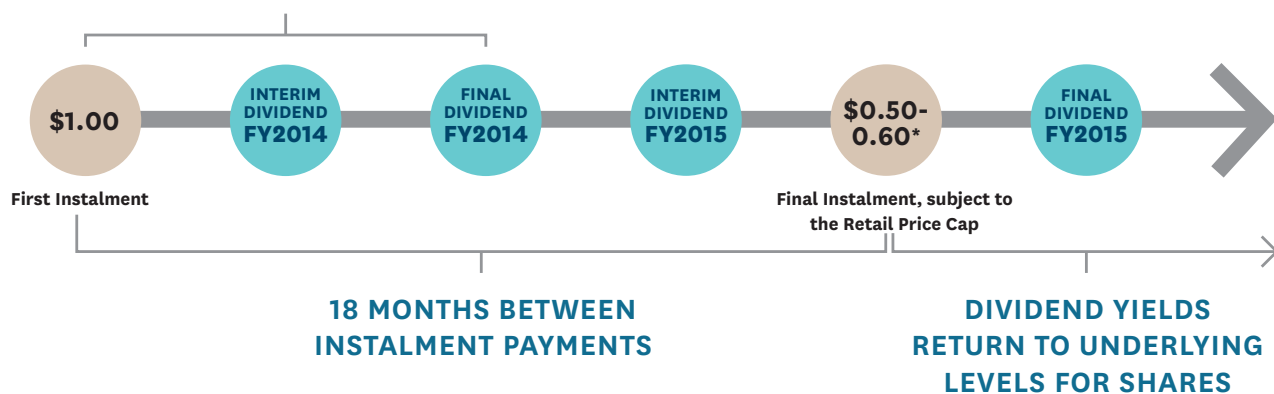
**13.4%**

FOR THE FIRST  
12 MONTHS<sup>1</sup>

BASED ON AN IMPLIED GROSS SHARE DIVIDEND  
YIELD FOR NZ RETAIL APPLICANTS\* OF

**8.4% - 8.9%**

IN 2014F<sup>1</sup>



\* See below for further details under the heading "Am I eligible for the retail price cap?"

## WHAT YOU GET DURING THE INSTALMENT PERIOD

- 100% of any dividend payouts
- Three forecast dividend payments
- Full shareholder voting rights
- You can trade your instalment receipts on the NZX Main Board

## Meridian Share Offer

Meridian shares are to be paid for in two instalments. This fact sheet provides details on the instalment payment process. The Meridian Share Offer Document is now available and you should consider its contents carefully before deciding whether or not to invest in Meridian.

### ABOUT PAYING IN INSTALMENTS

Instalment payments mean that you pay for your shares in two stages; an initial part payment when you apply for shares, and the remaining final payment after 18 months. During this period you still receive the benefits of owning the shares, including any dividends and shareholder voting rights.

### FIXED FIRST INSTALMENT: \$1.00 PER SHARE

During the Share Offer you apply for the total shares you would like to purchase, however, you only partially pay for your shares upfront. The first instalment payment is fixed at \$1.00 per share and is paid when you apply.

### FINAL INSTALMENT CAPPED AT \$0.60 PER SHARE

The final price will be set at the conclusion of the Share Offer, but the price is capped at \$1.60 per share for New Zealand retail applicants who satisfy the conditions described below. The price cap means that in addition to the certainty of paying a fixed first instalment of \$1.00, you are guaranteed to pay no more than \$0.60 on your second and final instalment payment in 18 months, even if the final share price paid by institutional investors is higher. The indicative final instalment that applies for institutional applicants is \$0.50 - \$0.80. Your final instalment payment must be made in 18 months (unless you sell your investment in Meridian during this period).

### AM I ELIGIBLE FOR THE RETAIL PRICE CAP?

The retail price cap applies for New Zealand retail applicants who receive an allocation in the Share Offer and continue to hold their instalment receipts in the same registered name until 4 May 2015. The retail price cap does not apply to instalment receipts purchased on the secondary market.

1. Calculated as forecast dividends per share paid in the first 12 months from 1 November 2013 (this includes the interim and final FY2014F dividends expected to be payable in April 2014 and October 2014), grossed up for imputation credits forecast to be attached to these dividends at 72% of the corporate tax rate, divided by the first instalment of \$1.00 (in the case of implied gross instalment yield) or the low point of the indicative price range of \$1.50 and the retail price cap of \$1.60 (in the case of the underlying gross share dividend yield). Forecast returns are calculated on instalment receipts being held continuously from listing. The Offer Document sets out the principal assumptions underpinning, and method of calculating, Meridian's implied gross instalment and underlying dividend yields.

## **IMPLIED GROSS INSTALMENT YIELD OF 13.4%<sup>2</sup> IN THE FIRST TWELVE MONTHS**

Paying in instalments gives you a higher implied dividend yield during the 18 month instalment period. Meridian's forecasts imply a gross instalment yield of 13.4%<sup>2</sup> in the first twelve months. This return is based on an underlying gross share dividend yield for New Zealand retail applicants of 8.4%-8.9%<sup>2</sup>. In 18 months' time, you will pay the final instalment and as a result your dividend yield will return to the underlying levels on shares at the time. The level of dividends is not guaranteed. Like an ordinary share, if you sell your instalment receipt, your return will also reflect any movement in Meridian's market price.

## **YOU GET A RECEIPT FOR EACH SHARE YOU HAVE PARTIALLY PAID FOR**

At the conclusion of the Share Offer you will be issued a receipt for every share you have partially paid for. These are called instalment receipts. These receipts work like ordinary shares. They are expected to be traded on the NZX Main Board and they register you as the beneficiary of any dividend payments and other shareholder rights.

## **YOU CAN SELL YOUR INSTALMENT RECEIPTS**

You can sell your instalment receipts (the receipts for the shares you have partially paid for) during the 18 month period. If you do, you will receive the prevailing market price at the time.

## **WHAT RIGHTS DO I GET WHEN I PAY BY INSTALMENT?**

Your rights are similar to an ordinary shareholder. You will be:

- entitled to receive 100% of any dividends on the shares you are allocated, together with any imputation credits
- invited to attend shareholder meetings
- entitled to vote on a poll at shareholder meetings (via instruction to a nominated Trustee)
- entitled to sell your instalment receipts (representing the shares you have partially paid for)

## **PAYING THE FINAL INSTALMENT AND GETTING YOUR MERIDIAN SHARES**

The final instalment payment must be paid approximately 18 months after the Share Offer. This applies irrespective of the value of Meridian shares at the time. After you pay this final instalment, your instalment receipts will be cancelled and you become the holder of fully paid ordinary Meridian shares.

You won't need to pay the final instalment if you have sold your instalment receipts. The final instalment will be paid by the holders of instalment receipts at the end of the 18 months. Reminder notices will be sent to holders closer to the time the final instalment is required to be paid.

## **WHAT IF I DO NOT PAY THE FINAL INSTALMENT?**

If you do not pay the final instalment, the ordinary Meridian shares you would have received will be sold on your behalf. The proceeds of the sale will be applied towards firstly default interest, fees, costs and any expenses of sale, then payment of the final instalment. Any surplus sale proceeds will be returned to you. You would have to pay any shortfall if the proceeds of sale are not enough to cover the default interest, fees, costs and expenses and the final instalment owing to the Crown.

## **DO INSTALMENT RECEIPTS REMOVE INVESTMENT RISK?**

No. An investment in instalment receipts will involve risks in a similar way that an investment in shares would. You should consider both the investment opportunity and risks outlined in the Offer Document in the same way as you would with an offer of ordinary shares.

2. Refer to footnote 1 for a description of how this is calculated.

The offer of shares in Meridian Energy Limited ("Meridian") is made by the Crown on the terms and conditions set out in a combined investment statement and prospectus dated 20 September 2013 (the "Offer Document"). The offer is not yet open. It is expected to open for applications on 30 September 2013. When the offer opens, applications for shares must be made on the application form accompanying the Offer Document. An application has been made to NZX Limited ("NZX") for permission to list Meridian, and to quote initially the instalment receipts and then later Meridian's shares on the NZX Main Board and all requirements of NZX relating thereto that can be complied with on or before the date of this factsheet have been duly complied with. However, NZX accepts no responsibility for any statement in this fact sheet. The NZX Main Board is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act 1988. Meridian's shares and the instalment receipts have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.